

## Message Text

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PAGE 01 BLANTY 00657 191032Z

13

ACTION EB-11

INFO OCT-01 AF-10 ISO-00 ARA-16 AGR-20 L-03 H-03 SP-03

AID-20 NSC-07 RSC-01 CIEP-02 TRSE-00 SS-20 STR-08

OMB-01 CEA-02 CIAE-00 COME-00 FRB-02 INR-10 NSAE-00

XMB-07 OPIC-12 LAB-06 SIL-01 DODE-00 PA-04 USIA-15

PRS-01 TAR-02 SWF-02 DRC-01 /191 W

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R 190830Z MAY 74

FM AMEMBASSY BLANTYRE

TO SECSTATE WASHDC 7064

UNCLAS BLANTYRE 657

E. O. 11652: N/A

TAGS: ETRD, EAGR, MI US

SUBJ: MALAWI SUGAR QUOTA

REF: A. STATE 97835 AND 100168 B. BLANTYRE 623

1. GOM MINEXTAFF MAY 17 PRESENTED TO EMBASSY ITS NOTE NO 20  
DTD MAY 16 ON ABOVE SUBJECT. NOTE AS FOLLOWS (COMPLIMENTARY  
OPENING, CLOSING OMITTED):

BEGIN QTE: THE EMBASSY IS AWARE THAT THERE EXISTS AN  
AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND  
MALAWI WHEREBY THE LATTER IS GIVEN A FIXED QUOTA TO  
SELL 15,000 SHORT TONS OF SUGAR ON THE AMERICAN MARKET  
PER YEAR. MALAWI HAS ABLY MANAGED TO FULFIL THIS QUOTA  
AND LAST YEAR SHE, IN FACT, SUPPLIED ABOUT 15,713 SHORT  
TONS. THIS WAS AN INCREASE OF SOME 713 TONS OVER MALAWI'S  
FIXED QUOTA: AN INCREASE WHICH WAS NECESSITATED BY FILLING  
SHORT FALLS OF THOSE COUNTRIES WHICH COULD NOT FULFIL THEIR  
RESPECTIVE QUOTAS.

THE GRANTING BY THE UNITED STATES OF AMERICA OF THE QUOTA  
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PAGE 02 BLANTY 00657 191032Z

TO MALAWI HAS GIVEN STRENGTH TO, AND BRIGHTENED THE FUTURE

OF, THE SUGAR INDUSTRY IN MALAWI. NATURALLY THE MALAWI GOVERNMENT HAS ALL ALONG BEEN EXPECTING THAT, IF ANYTHING ELSE, THE AMERICAN GOVERNMENT WOULD CONSIDER SYMPATHETICALLY ANY REQUEST BY MALAWI TO HAVE HER QUOTA INCREASED. IT WAS IN THE LIGHT OF THIS EXPECTATION THAT THE MALAWI GOVERNMENT HAS EMBARKED ON A MAJOR PROGRAMME TO DOUBLE THE PRESENT PRODUCTION OF SUGAR DURING THE NEXT TENURE OF THE UNITED STATES SUGAR ACT. PLANS ARE UNDERWAY TO EXPAND THE CAPACITY OF THE MAIN SUGAR MILL AND THE ACREAGE UNDER SUGAR CULTIVATION IN MALAWI. BESIDES INCREASING SUGAR PRODUCTION ON EXISTING ESTATES A NEW SUGAR ESTATE WILL, IN FACT, START PRODUCTION IN 1977. AS A RESULT BY 1979 MALAWI WILL BE PRODUCING 196,000 SHORT TONS OF SUGAR PER ANNUM WHILE MALAWI'S DOMESTIC CONSUMPTION OF SUGAR IS ESTIMATED AT 73,000 SHORT TONS BY THAT YEAR.

WITH A VIEW TO CLARIFYING EVEN FURTHER THE EMBASSY OF THE UNITED STATES OF AMERICA WILL FIND THE FOLLOWING PROJECTED STATISTICAL DATA OF PRODUCTION AND CONSUMPTION OVER THE PERIOD 1975 TO 1979 RELEVANT AND ILLUMINATING:

EXPECTED DOMESTIC		
YEAR	EXPECTED PRODUCTION	CONSUMPTION
1975	86,000 SHORT TONS	50,000 SHORT TONS
1976	111,000 SHORT TONS	55,000 SHORT TONS
1977	133,000 SHORT TONS	61,000 SHORT TONS
1978	154,000 SHORT TONS	72,000 SHORT TONS
1979	196,000 SHORT TONS	73,000 SHORT TONS

THE SIGNIFICANCE OF THE FOREGOING FIGURES IS THAT BY 1979 MALAWI WILL HAVE ALMOST 123,000 SHORT TONS OF SUGAR FOR WHICH IT WOULD HAVE TO FIND MARKETS ABROAD. MALAWI DOES NOT PARTICIPATE IN ANY SPECIAL ARRANGEMENT ON SUGAR EXCEPT UNDER THE UNITED STATES SUGAR ACT. ALTHOUGH SHE IS A MEMBER OF THE INTERNATIONAL SUGAR ORGANISATION, MALAWI WILL NOT BE IN A POSITION TO SECURE AN ASSURED MARKET FOR HER SURPLUS SUGAR UNTIL THE INTERNATIONAL SUGAR ORGANISATION AGREEMENT IS RENEGOTIATED. IT IS EXPECTED THAT THIS WILL TAKE SOME TIME TO MATERIALISE AND THAT EVEN IF IT DID MATERIALISE, MALAWI COULD

UNCLASSIFIED

PAGE 03 BLANTY 00657 191032Z

NOT HOPE FOR AN ANNUAL QUOTA OF 20,000 SHORT TONS. SHE WILL THUS STILL BE COMPELLED TO FIND MARKETS FOR HER SURPLUS SUGAR OVER AND ABOVE THE U.S. AND THE INTERNATIONAL SUGAR AGREEMENT QUOTAS PUT TOGETHER.

IT IS FOR THESE REASONS THAT THE MALAWI GOVERNMENT HAS, THROUGH ITS SUGAR LOBBYIST IN WASHINGTON DC., MADE REPRESENTATIONS TO THE SUB-COMMITTEE OF THE U.S. HOUSE

OF REPRESENTATIVES AGRICULTURAL COMMITTEE REQUESTING THAT HER QUOTA OF THE AMERICAN MARKET BE INCREASED WITH EFFECT FROM 1975 FROM THE PRESENT ANNUAL 15,000 SHORT TONS TO 30,000 SHORT TONS.

IN VIEW OF THIS THE MINISTRY IS UNDER INSTRUCTION TO REQUEST THE UNITED STATES GOVERNMENT TO INTERVENE IN THIS MATTER WITH A VIEW TO PERSUADING THE SAID SUB-COMMITTEE OF THE HOUSE OF REPRESENTATIVES AGRICULTURAL COMMITTEE TO RECONSIDER ITS DECISION AND KINDLY INCREASE MALAWI SUGAR QUOTA FROM THE PRESENT 15,000 SHORT TONS A YEAR FROM 1975 ONWARDS. MALAWI'S REQUEST IN THIS RESPECT IS MADE INTER ALIA, ON THE GROUNDS THAT AS A DEMOCRATIC DEVELOPING COUNTRY IN SOUTHERN AFRICA, SHE RELIES ON DEVELOPED DEMOCRACIES SUCH AS THE UNITED STATES OF AMERICA TO ASSIST HER NOT ONLY FINANCIALLY BUT ALSO THROUGH TRADE. IT IS MALAWI'S HOPE THAT THE UNITED STATES GOVERNMENT WILL VIEW HER CASE IN THIS LIGHT AND GIVE IT SYMPATHETIC AND FAVOURABLE CONSIDERATION. END QTE

2. CURRENT STATUS OF SUGAR ACT AS IT AFFECTS MALAWI (REFTELS) CONVEYED ORALLY TO PRESIDENT BANDA AND IN WRITING TO TRADE AND INDUSTRY PERMSEC KILILOMBE ON MAY 14. THUS ASSUME NOTE TAKES INTO CONSIDERATION ACTION TO DATE BY HOUSE AGRICULTURE COMMITTEE. EMBASSY'S POSITION REMAINS AS STATED REFTTEL B. FARBER

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